

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Hingham Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.40% and a revision to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Hingham Contributory Retirement System
30-Year Forecast of Annual Appropriations

Funding Schedule D-4
7.0% Limit per year

Based on Results of January 1, 2020 Valuation

| Fiscal Year Ending | Employer Normal Cost | Amortization Payment of UAL | Net 3(8)(c) Transfers | Total Employer Cost | Increase Over Prior Year | 2018 Schedule | Unfunded Actuarial Accrued Liability |
|--------------------|----------------------|-----------------------------|-----------------------|---------------------|--------------------------|---------------|--------------------------------------|
| 2021 | \$2,651,419 | \$3,096,655 | - | \$5,748,074 | | \$5,748,074 | \$53,577,509 |
| 2022 | 2,653,555 | 3,496,884 | - | 6,150,439 | 7.00% | 6,121,699 | 54,333,059 |
| 2023 | 2,681,917 | 3,899,053 | - | 6,580,970 | 7.00% | 6,519,609 | 54,729,746 |
| 2024 | 2,764,902 | 4,276,737 | - | 7,041,639 | 7.00% | 6,943,384 | 54,739,004 |
| 2025 | 2,840,153 | 4,694,399 | - | 7,534,552 | 7.00% | 7,394,704 | 54,357,538 |
| 2026 | 2,891,478 | 5,170,493 | - | 8,061,971 | 7.00% | 7,875,360 | 53,515,004 |
| 2027 | 2,964,678 | 5,661,632 | - | 8,626,310 | 7.00% | 8,387,258 | 52,116,727 |
| 2028 | 3,036,055 | 6,194,097 | - | 9,230,152 | 7.00% | 8,932,430 | 50,105,991 |
| 2029 | 3,120,817 | 6,755,445 | - | 9,876,262 | 7.00% | 9,443,404 | 47,394,646 |
| 2030 | 3,210,521 | 7,357,078 | - | 10,567,599 | 7.00% | 9,783,704 | 43,900,914 |
| 2031 | 3,314,976 | 7,992,355 | - | 11,307,331 | 7.00% | 10,137,691 | 39,525,149 |
| 2032 | 3,388,701 | 8,710,144 | - | 12,098,845 | 7.00% | 10,526,165 | 34,167,215 |
| 2033 | 3,476,951 | 9,468,813 | - | 12,945,764 | 7.00% | 10,904,378 | 27,668,921 |
| 2034 | 3,560,087 | 10,291,880 | - | 13,851,967 | 7.00% | 11,311,133 | 19,903,514 |
| 2035 | 3,661,107 | 11,099,706 | - | 14,760,813 | 6.56% | 11,736,877 | 10,710,490 |
| 2036 | 3,766,843 | - | - | 3,766,843 | -74.48% | 3,821,977 | - |
| 2037 | 3,878,354 | - | - | 3,878,354 | 2.96% | 3,953,194 | - |
| 2038 | 3,985,196 | - | - | 3,985,196 | 2.75% | 4,082,472 | - |
| 2039 | 4,110,394 | - | - | 4,110,394 | 3.14% | 4,202,967 | - |
| 2040 | 4,236,911 | - | - | 4,236,911 | 3.08% | 4,339,901 | - |
| 2041 | 4,358,266 | - | - | 4,358,266 | 2.86% | 4,469,501 | - |
| 2042 | 4,487,931 | - | - | 4,487,931 | 2.98% | 4,608,820 | - |
| 2043 | 4,622,694 | - | - | 4,622,694 | 3.00% | 4,750,050 | - |
| 2044 | 4,762,314 | - | - | 4,762,314 | 3.02% | 4,896,031 | - |
| 2045 | 4,923,348 | - | - | 4,923,348 | 3.38% | 5,060,950 | - |
| 2046 | 5,094,479 | - | - | 5,094,479 | 3.48% | 5,239,281 | - |
| 2047 | 5,258,204 | - | - | 5,258,204 | 3.21% | 5,425,355 | - |
| 2048 | 5,432,604 | - | - | 5,432,604 | 3.32% | 5,627,902 | - |
| 2049 | 5,596,756 | - | - | 5,596,756 | 3.02% | 5,823,986 | - |
| 2050 | 5,778,430 | - | - | 5,778,430 | 3.25% | 6,027,913 | - |

| | Schedule D-4 | Baseline | Increase |
|---|---------------|------------|-----------|
| • Employer Normal Cost as of January 1, 2020: | 2,558,446 | 2,459,565 | 98,881 |
| • Administrative Expenses | 150,000 | 150,000 | - |
| • Unfunded Actuarial Accrued Liability (UAL): | 53,577,509 | 49,983,433 | 3,594,076 |
| • Funded Status: | 70.4% | 71.8% | |
| • Investment Return Rate: | 7.400% | 7.500% | |
| • Amortization Payments Increase Annually: | 4.00% | 4.00% | |
| • Limit on Annual Increase: | 7.0% per year | None | |
| • Fully Funded in Fiscal Year: | 2035 | 2035 | |
| • COLA Base: | 14,000 | 13,000 | |